

Message Text

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PAGE 01 BONN 20997 142157Z
ACTION EUR-12

INFO OCT-01 ISO-00 SP-02 USIA-06 AID-05 EB-07 NSC-05
CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00
COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04
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R 141726Z DEC 76
FM AMEMBASSY BONN
TO SECSTATE WASHDC 4072
INFO AMCONSUL DUSSELDORF
USMISSION EC BRUSSELS
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY LONDON
AMEMBASSY LUXEMBOURG
AMEMBASSY ROME
AMEMBASSY THE HAGUE

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E.O. 11652: N/A
TAGS: EIND, EEC, GW
SUBJECT: FRG VIEWS ON EC COMMISSION STEEL CRISIS PLANS

REF: (A) EC BRUSSELS 11580; (B) EC BRUSSELS 11735
(C) EC BRUSSELS 11929; (D) BONN 17410
(E) BONN 17607

1. ACCORDING TO OLLIG, IRON AND STEEL SECTION OF
ECONMIN, FRG BOWED TO EC MEMBER STATE AND STEEL COMPANY
PRESSURE AND AGREED TO ENTERPRISE-LEVEL DELIVERY
GUIDEIIINES BECAUSE OF THE SEVERITY OF THE CRISIS AND
THE FELT NECESSITY THAT THE FRG HAD TO "COMPROMISE
ON SOME ISSUES IN THE END." OLLIG STATED THAT THE
DELIVERY GUIDELINES WILL BE ACTIVATED ON JANUARY 1.
HE SEES NO POSSIBILITY FOR A COMMISSION ROLE IN MINIMUM
PRICE SETTING.

2. OLLIG DOES NOT VIEW DELIVERY GUIDELINES LIGHTLY,
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HOWEVER. HE FEELS THAT THE STEEL MARKET IS DAMAGED

BY THE GUIDELINES AND THAT SOME PROBLEMS WILL, PERHAPS,
SIMPLY BE SHIFTED TO THE STEEL PROCESSING INDUSTRY.
OLLIG EMPHASIZED THAT THE DELIVERY GUIDELINES ARE NOT
MANDATORY AND THAT THE COMMISSION ONLY HOPES TO RECEIVE
WRITTEN REPLIES TO THE LETTERS BEING SENT TO INDIVIDUAL
ENTERPRISES.

3. OLLIG STATED THAT THE FRG PLANS TO CAREFULLY
ANALYZE THE RESULTS OF DELIVERY GUIDELINES OVER THEIR
INITIAL FOUR-MONTH PERIOD. AT THE FIRST SIGN OF
RECOVERY IN THE STEEL MARKET, THE FRG WILL PUSH TO
HAVE THE OLD ECSC REGIME FULLY REINSTATED. THE FRG
WILL ATTEMPT TO PREVENT COMMISSION RETENTION OF
DELIVERY GUIDELINE POWERS FOR FUTURE CRISES.

4. OLLIG ALSO HAD THE IMPRESSION THAT THE RETENTION
OF THE ORGANIZATION OF NORTHERN STEEL PRODUCERS,
DENELUX, WAS NO LONGER A PROBLEM FOR THE EC. DENELUX
WOULD REMAIN EVEN IF OTHER NEW EC-WIDE STEEL
ORGANIZATIONS WERE ESTABLISHED.
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